

Don't Look Back?

Warnings for young tax professionals

I am grateful to Chris Reece and Alison Lovejoy for inviting me to write 1,000 words in this historic Issue 1000 of *The Tax Journal*. The brief was 'how life has changed' and 'the grumpier the better'.

No doubt the invitation is a reflection of my having jointly written, with Greg Sinfield, an article in the Preview Issue of *The Tax Journal* on the VAT option to tax. It was an extremely dull article but the option to tax was then a new idea, so perhaps it was more interesting at the time.

Rereading it prompted a further thought: that this is not in fact the 1,000th edition of *The Tax Journal* but the 1002nd (there was both a Preview Issue and a Pilot Issue). People just can't count, these days.

In a spirit of reminiscence of 30 years in tax practice and with what was then Inland Revenue Policy, here are ten random warnings and suggestions for young persons entering the profession, some more serious than others.

1. Learn some section numbers, but not too many. It is more important to know what the law says than what its number is, and more important still to be able to explain it in English and apply it usefully. If you want to sound really impressive, quote former section numbers (preferably the last consolidation but one). This gets easier as you grow older, and is eventually unavoidable, at which point it is probably time to retire.

2. Try always to have people working for you who are cleverer than you. This makes life more interesting and, of course, clients think you must be even better than the assistants are.

3. Never readily believe anything which claims to be a simplification of tax legislation. There is no such thing. You have only to look at the five new Acts inflicted on the UK tax system by the Tax Law Rewrite to see that. It is very hard for a government genuinely to simplify tax legislation – there will usually be losers shouting loudly (and reasonably) that it is not fair and

Anthony Davis, partner, Gide Loyrette Nouel LLP, offers words of warning to young persons entering the tax profession

wanting special treatment.

4. Similarly, never try and define tax avoidance. They have a go every now and again, but it cannot be done in general terms and only ends in fights and tears.

5. It is useful to bear in mind that the whole point of the tax system is to collect money for the Government to spend on wars, MPs' duck houses, hospitals and so on. It is not about logic or philosophy but, paraphrasing rather clumsily Colbert's aphorism about plucking the goose with a minimum of fuss, is about getting in a predictable amount of money regularly and with

much less well paid and sometimes harder worked for the money. It is right (essential, actually) to criticise bad laws and administrative mistakes. But individuals at HMRC or HM Treasury may well have similar views to us about the policy behind, or interpretation of, legislation which is not their responsibility, and be unable to admit them – unlike us, they cannot always say what they want to. Attacking individuals is inappropriate and pointless. It is also awfully embarrassing for others in the room.

7. On the other hand, the Parliamentary Draftsmen deserve all

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least bother in terms of complaints, adverse politics or expense (civil service salaries, litigation, etc). No other points of principle matter as much. 'Fairness' and 'consistency' can be invoked as means to this end – otherwise they do not have a context – but realistically there is little of these involved, as taxing people is at bottom a political act which just happens to have economic and legal consequences. Incidentally, what a pity it is that the Government has apparently now forgotten about the 'regularly' and that it is a bad idea to cause taxpaying geese to fly into the next field. We are further now from a proactive tax system which encourages inward migration (and helps the economy) than we have been at any time in the last 30 years.

6. Remember that civil servants are real people not especially different from those on the taxpayers' side except

the criticism they get. The standard of comprehensibility of recent legislation, including in the Tax Law Rewrite, is in some cases abysmal. If Parliamentary Draftsmen insist on being the only ones responsible for the drafting, without accountability to the public, they have to take the criticism too. This is nearly the only important point in this article. It is the aspect of the tax system that most needs reform. We have far passed the point where existing procedures can work effectively for Parliament to review on our behalf and control the introduction of new legislation. This is for a variety of reasons (length of legislation, complexity, limited parliamentary time, etc). Given that we all accept that safeguards are needed (which is why they are there to start with), they ought to work. A tax law review mechanism for new

detailed legislation is badly needed and its drafting should generally (anti-avoidance measures apart) be done on an open basis. A sensible suggestion how to do this was made by Vincent Oratore in *Taxation* (30 July 2009).

8. Pay attention to all consultations – there has been a recent trend by HMRC of slipping through major changes in innocuous sounding consultations. Look for the hidden objective carefully – there often is one.

9. On the other hand, when things go really wrong it is almost always a cock-up not a conspiracy. Conspiracies need organisation and planning which government departments can rarely achieve.

10. Finally, go to lots of parties. If you cannot know tax law, at least you can get to know plenty of tax people, which is sometimes almost as useful. You may make some good friends too, and have more fun than in the office. Organisations like CIOT and IFA and committees of professional bodies count as parties for this purpose (except for the bit about fun, usually).

And in conclusion – many congratulations to *The Tax Journal* for



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reaching such a ripe age and thanks for all the useful stuff you have told me about over the years.

Congratulations also to its editors past and present for hardly growing older at all.

I will not be staying around to read Issue 2000 but (given item 10 above),



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please invite me to the celebrations.

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